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## CIVIL AERONAUTICS BOARD

An exemption for foreign charter operators from the registration requirements of Section 402 of the Federal Aviation Act is the objective of proposed rulemaking issued by the Board this past week, (see the 4/17/80 Fed. Reg., pp.26084-90). In attempting to eliminate the regulatory disparity between foreign and domestic charter operators the Board is seeking to simplify the procedure for foreign operators. Under the present scheme a foreign charter operator may be required to obtain a permit under the regulations of Section 402 which can take 4 or 5 months and is not required for domestic charter operators. The disparity initially developed as a result of the CAB's statutory inability to grant exemptions to foreign citizens. This was corrected when such authority was granted under the Airline Deregulation Act of 1978. This treatment will aid competition in the market place and provide increased service to the public. Comments are requested by 6/16/80 to Docket 38023, Civil Aeronautics Board, 1825 Connecticut Avenue, N.W., Washington, D.C. 20418. For additional information contact David Schaffer at 202/673-5442.

Billing of political candidates on a monthly, rather than semi-monthly, basis during the last two months of the campaign was proposed by the Board recently, in response to a comment from the airline industry, (see the 4/16/80 Fed. Reg., pp.25825-26). Comments are requested by 5/10/80 to Docket 35042, Civil Aeronautics Board, 1835 Connecticut Avenue, N.W., Washington, D.C. 20528.

In a related matter, the CAB has adopted a rule, effective 5/10/80, extending the time within which a political candidate must pay monthly bills from an air carrier, from 14 to 25 days.

## FEDERAL HOME LOAN BANK BOARD

The maximum insurance coverage in accounts maintained at Federal Savings and Loan Insurance Corporation insured institutions has been increased from \$40,000 to \$100,000. The final rule is effective as of 3/31/80. For additional information contact Kenneth Hall at 202/377-6443.

## FEDERAL RESERVE BOARD

Regulations to exempt deposits of cash and checks at electronic terminals from the terminal location disclosure requirement for periodic statements has been issued as a final rule by the Board (see the 4/15/80 Fed. Reg., pp.25379-83). The measure provides that institutions may disclose charges for account maintenance and electronic fund transfers on periodic statements and permit cash dispersing terminals to mail a receipt the next day. The effective date of the regulations is 5/10/80. For additional information contact Dolores Smith at 202/452-2412.

## INTERSTATE COMMERCE COMMISSION

Interpretations clarifying regulations applicable to non-attorneys for practice before the Commission have been issued in the 4/17/80 Fed. Reg., pp.26069-70. These regulations, explaining parts 1100.9 to 1100.11

Title 49 of the Code of Federal Regulations outline the qualifications and requirements for practice. The interpretation is effective 5/1/80. For additional information contact James Bayne at 202/275-76-46.

#### NATIONAL CREDIT UNION ADMINISTRATION

More flexibility in establishing classification of loans has been delegated to the Board of Directors of federal credit unions as part of a revision in existing NCUA rules, (see the 4/17/80 Fed. Reg., pp.26073-75). Within a classification of loans the same rate of interest must be charged on all loans. The existing regulations were unnecessarily limiting the ability to manage credit union portfolios. Comments are requested by 6/16/80. For additional information contact Thomas Buchman at 202/357-1065.

#### OFFICE OF MANAGEMENT AND BUDGET

A proposed list of Federal agency assignments for administering the audit provisions of OMB Circular A-102, "Uniform requirements for grants to State and local governments", has been published by the OMB, (see the 4/17/80 Fed. Reg., pp.26286-92). The list identifies State departments and agencies that are major recipients of Federal aid. It assigns a "cognizant" Federal agency to each of them. According to the OMB, local governments will be dealt with later, and this proposed list should not be confused with a separate, but similar list published recently in the Federal Register relating to Circular 74-4. The responsibilities for the "cognizant" agency are spelled out in Attachment P of Circular 102-A. OMB further stated that this proposed list was developed in response to recommendations by Congress, GAO, and others. An informal review of the list with State budget officials and State audit officials indicated a preference by three states for a single, state-wide audit. Comments must be submitted prior to 5/18/80. For additional information contact James R. Doyle at 202/395-3993.

#### SECURITIES AND EXCHANGE COMMISSION

An audit requirement for supplementary information on oil and natural gas was postponed indefinitely on 4/16/80 by the Commission. In the fall of 1979 the Commission issued final accounting rules which required that oil and gas producers include with their financial statements a supplementary summary of their activities prepared on the basis of reserve recognition accounting (RRA). At the same time it was decided that the RRA disclosure made in supplementary disclosures for years ending before 12/26/80 would not need to be audited. The present Commission action will postpone the audit requirement through the next fiscal year and ultimately until a decision is reached on requiring RRA information in the primary statements of gas and oil producers. RRA is a form of "current value" accounting which recognizes valuations of proved oil and gas reserves, as opposed to "full cost" accounting which allows amortization of costs over the life of the reserves; or "successful efforts" accounting which requires producers to recognize the cost of unsuccessful exploration as expenses and charge them immediately against earnings. Regarding the Commission action, Chairman Harold Williams stressed that the action does not represent "a backing down from (our) commitment to RRA" and that opposition to RRA is "wearing down".

SMALL BUSINESS ADMINISTRATION

A moving ceiling that rises and falls with the rate charged by the Federal Financing Bank on SBA guaranteed SBIC debentures has substituted the current 15% annual interest rate ceiling on loans from Small Business Investment Companies to small concerns, (see the 4/16/80 Fed. Reg., pp.25794-95). The final rule by the Administration was effective 4/16/80. For additional information contact John Werner at 202/653-6672.

TREASURY, DEPARTMENT OF

Unauthorized disclosure by state tax agencies of federal returns and return information from the Internal Revenue Service could lead the IRS to discontinue the flow of such information. Final regulations issued under Section 6103 of the Code establishes a review procedure through which the IRS may discontinue the release of federal tax returns to state agencies (see the 4/18/80 Fed. Reg., pp.26325-26). The procedure, effective 4/18/80, provides that IRS initiate the action with a notice to the state that there has been an unauthorized disclosure and that no correction action has been taken to prevent a repetition of the disclosure. The state then has 30 days to appeal directly to the Commissioner who then has 45 days in which to hold a conference with the state tax agency and make a final determination. For additional information contact John Tolleris at 202/566-3294.

Executors of certain estates may elect carryover basis treatment for assets acquired or passing from decedents under the recently enacted Crude Oil Windfall Profit Tax Act according to the IRS. To elect the carry-over basis treatment for all property acquired from persons dying after 12/3/76 and before 11/7/78, the executor must file Form 5960-A with the IRS stating that the election has been made and the beneficiaries notified of the carryover basis of the property and the requirement that they retain a copy of the election to establish the basis of the property. The form, Election of Carryover Basis, will be available at the IRS offices in late April.

Shareholder requirements for election of small business corporations is the subject of proposed rulemaking announced 4/17/80 by the Internal Revenue Service (see the 4/17/80 Fed. Reg., pp.26092-98). The amendments under Section 1371 and 1372 of the Code redefine the small business corporation in four material aspects: 1) the number of permissible shareholders is increased to 15; 2) the rules regarding stock held by husband and wife are liberalized; 3) some trusts which may normally be shareholders are not treated as shareholders, and 4) shares must not be owned as a split interest. Comments are requested by 6/13/80 to the Commissioner of Internal Revenue, Attention: CC:LR:T (LR-227-76), Washington, D.C. 20224. For additional information contact Eileen Murphy at 202/566-3297.

A new statistical report based on 1975 corporation income tax returns has been released by the IRS. The report, "Statistics of Income--1975, Corporation Income Tax Returns," presents data on receipts, deductions,

income tax liability, as well as on assets and tax credits. Statistics on corporate tax base and book net income also are included. The statistics, which include separate categories for returns with net income, consolidated returns and Small Business Corporations electing to be taxed through their stockholders, are classified by industry and by size of total assets. The 236-page report, IRS Publication 16, may be purchased for \$6.00 by contacting the GPO at 202/783-3238.

SPECIAL: SEN. METZENBAUM INTRODUCES FEDERAL "MINIMUM STANDARDS" BILL FOR CORPORATIONS

Legislation to address the "major and pressing problems" in the governance of the nation's major corporations was introduced on 4/16/80 by Sen. Howard Metzenbaum, (D-Ohio), Chairman of the Subcommittee on Antitrust, Monopoly, and Business Rights, Committee on Judiciary. S.2567, the "Protection of Shareholders' Rights Act of 1980" was introduced, without co-sponsors, and initially referred to the Senate Committee on Banking, Housing, and Urban Affairs which is chaired by Sen. William Proxmire (D-Wis). A prior jurisdictional review of the bill by the Senate Parliamentarian will most likely result in referral to the Senate Securities Subcommittee which is chaired by Sen. Paul Sarbanes, (D-Md). According to Sen. Metzenbaum's introductory remarks, S.2567 is a "bill to establish Federal minimum standards relating to the composition of corporate boards, duties of corporate directors, audit and nominating committees, shareholder rights, and for other purposes." The entire text of the bill, together with a section by section analysis, appears in the 4/16/80 Congressional Record.

For additional information contact:  
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